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BEFORE THE ARIZONA CORPORATION COMMISSION

Arizona Corporation Commission

COMMISSIONERS**DOCKETED**

ROBERT "BOB" BURNS - Chairman
ANDY TOBIN
BOYD DUNN
SANDRA D. KENNEDY
JUSTIN OLSON

JAN 16 2019

~~DOCKETED BY~~ 

In the matter of

DARRELL G. KNOCH, a single man, and

IMAGINE ENTERPRISES, LLC, a
Wyoming limited liability company,

Respondents.

DOCKET NO. S-21058A-18-0341

DECISION NO. 77046

**ORDER TO CEASE AND DESIST, ORDER
FOR RESTITUTION, ORDER FOR
ADMINISTRATIVE PENALTIES AND
ORDER FOR OTHER AFFIRMATIVE
ACTION**

On November 1, 2018, the Securities Division ("Division") of the Arizona Corporation Commission ("Commission") filed a Notice of Opportunity for Hearing Regarding Proposed Order to Cease and Desist, Order for Restitution, Order for Administrative Penalties, and Order for other Affirmative Action (the "Notice") against Respondents Darrell G. Knoch and Imagine Enterprises, LLC.

On November 17, 2018, the Division served a copy of the Notice, upon Darrell G. Knoch and Imagine Enterprises, LLC by delivering to Darrell G. Knoch and Imagine Enterprises, LLC via certified mail. To date, no request for a hearing or answer to the Notice has been filed.

I.**FINDINGS OF FACT**

1. From at least 2008 until at least May of 2017, Darrell G. Knoch ("Knoch") was a resident of Arizona. Prior to Arizona, Knoch was a resident of Tennessee. Since at least June of 2017, Knoch has been a resident of Puerto Penasco, Mexico.

2. Knoch has not been registered with the Commission as a securities salesman or dealer.

1 3. Imagine Enterprises, LLC ("Imagine Enterprises") was a manager managed limited
2 liability company that was organized under the laws of the state of Arizona in June of 2010. On April
3 18, 2011, Imagine Enterprises was domesticated in the state of Wyoming with its principal office address
4 located in Scottsdale, AZ. Records of the Commission's Corporations Division reflect that on July 27,
5 2011, Imagine Enterprises' entity status was amended to an inactive domestic LLC. Records of the
6 Wyoming Secretary of State reflect that on June 9, 2017, Imagine Enterprises was administratively
7 dissolved.

8 4. Since at least January of 2012, Knoch was the manager and/or Chief Executive Officer
9 of Imagine Enterprises.

10 5. Imagine Enterprises has not been registered with the Commission as a securities
11 salesman or dealer.

12 6. Knoch and Imagine Enterprises may be referred to collectively as "Respondents."

13 7. From at least 2000 until at least 2008, Knoch was a contractor, and co-owned a Real
14 Estate Maximums ("RE/MAX") franchise in Chattanooga Tennessee. During the above time-period,
15 Knoch partnered with a local realtor and bought, renovated, and resold several residential properties.
16 According to Knoch, his RE/MAX franchise generated "\$250 million a year" in property sales.

17 8. Knoch admitted that in 2008, he lost everything when the real estate market crashed,
18 including his RE/MAX franchise. Shortly thereafter, Knoch relocated to Arizona with just \$15,000
19 in savings.

20 9. On or about 2010, Knoch established a company called Real Self Publishing ("RSP"),
21 which was a business that assisted authors in self-publishing their books. Around that time, Knoch
22 and his former wife formed Imagine Enterprises, to manage RSP and other businesses related to
23 Knoch.

24 10. On or about 2011, Knoch wrote and self-published a book through Imagine
25 Enterprises titled Mastering a Healthy Self Image: The Guidebook to Real Happiness and Enormous

1 Success ("Mastering a Healthy Self Image"). In 2014, Knoch wrote and self-published another book
2 through Imagine Enterprises titled Real Estate Millionaire: Your Guide to Success ("Real Estate
3 Millionaire"). According to Knoch, both Mastering a Healthy Self Image and Real Estate Millionaire
4 made it onto Amazon's best sellers list.

5 11. During the relevant time-period, Knoch induced investors to invest with the
6 Respondents, by representing that he was a best-selling author, successful businessman, millionaire,
7 and real estate fix and flip expert. According to Knoch's LinkedIn profile, Knoch "has bought over
8 600 properties in the last 10 years and been involved with 1000's of deals over that same time ... has
9 negotiated over \$60,000,000 worth of loans with several banks and in the 35 years of being in
10 business has grossed over \$3,000,000,000."

11 12. Contrary to Knoch's above-representations to investors, Knoch was living out of a
12 recreational vehicle ("RV") in a mobile home park and not a millionaire. Knoch admitted that he
13 "filed for bankruptcy" on multiple occasions and has "been a bad business person."

14 13. On April 30, 2014, Knoch filed for protection under Chapter 7 of the U.S. Bankruptcy
15 Code, in Arizona. Knoch's bankruptcy schedules listed \$16,173,140.84 of unsecured claims and
16 \$740.99 of unpaid taxes. On September 17, 2014, the bankruptcy was discharged.

17 14. From at least April of 2015, until at least April of 2016, Respondents Knoch and
18 Imagine Enterprises offered and sold securities in the form promissory notes ("Notes") and/or joint
19 venture agreements ("JVA") within or from Arizona to at least twelve investors, of which at least
20 five of the investors were Arizona residents (collectively, the "Imagine Investors"). The Imagine
21 Investors collectively invested \$1,254,246.16. Respondents represented that they were raising
22 investment capital to acquire Arizona residential properties and fund the rehab and resale of those
23 properties for a profit ("fix and flip").

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1 15. Between April of 2015 and January 2016, Respondents entered into at least five JVA's
2 with at least four different investors. All the JVA's were executed by Knoch, and contained the
3 following same or similar language:

- 4 • Imagine Enterprises' principal mailing address is in Scottsdale Arizona;
- 5 • This agreement will be construed in accordance with, and governed by, the laws of
6 the state of Arizona;
- 7 • Purchaser [Imagine Enterprises] shall be responsible for all oversight of the rehab,
8 bookkeeping and supervision of each project;
- 9 • Purchaser and investor intend to purchase specific residential properties using a
10 combination of cash, private loans and whatever credit instruments necessary for the
11 purchase and rehab of each individual property;
- 12 • Purchaser will supply the capital to make the initial purchase of the properties.
13 Investor shall provide all other acquisition, rehab and carrying costs; and
- 14 • Investor shall be entitled to 50% of the net profits.

15 16. In or about 2015, Knoch met a house cleaner in Arizona ("Investor I.L."), and the two
16 became acquaintances. During a conversation with Knoch, Investor I.L. revealed that she recently
17 received money from her divorce settlement. In response, Knoch offered Investor I.L. an opportunity
18 to invest in flipping properties. Knoch represented that if she invested her money in one of the
19 Respondent's fix and flips she would earn a substantial profit, because of his knowledge and skill.
20 Knoch further represented that he would split 50% of the profit with her, and she would receive a
21 full return of her principal investment.

22 17. On April 18, 2015, Knoch sent Investor I.L. an email, which identified a property
23 ("Lynne Lane property") in Phoenix Arizona. Knoch stated "on this deal you would get 50% of the
24 profit. This would be a very good deal for you. It only needs a light rehab, so we only need about
25 \$20,000 down payment."

1 18. Based on Knoch's representations, Investor I.L. decided to invest in the Lynne Lane
2 property. On or about April 18, 2018, Investor I.L. met Knoch and gave him \$20,000 in cash, and
3 both parties executed a JVA. Knoch deposited the \$20,000 into Imagine Enterprises' business
4 account. "Irma [Investor I.L.] 20,000.00" was written on the deposit ticket. Knoch is the signatory
5 for Imagine Enterprises' business account.

6 19. On or about June of 2015, Knoch informed Investor I.L. that the Lynne Lane property
7 had sustained significant fire damage and the insurance company paid on a claim for the damage. On
8 or about July 13, 2015, Respondents sold the Lynne Lane lot and received \$43,499.81. Knoch
9 represented to Investor I.L. that her profit from her investment was \$12,000. Knoch paid Investor
10 I.L. \$2,000 from the profit and represented that he would re-invest her \$20,000 principal and the
11 remaining \$10,000 profit into another fix and flip property in Scottsdale Arizona. Knoch did not re-
12 invest Investor I.L.'s funds.

13 20. Between June of 2015, and August of 2015, on several occasions Investor I.L. pressed
14 Knoch to provide details on her re-investment; however, Knoch failed to provide any details. Knoch
15 eventually agreed to pay Investor I.L. interest payments between \$400 and \$500 per month. After a
16 few months, Knoch stopped paying the promised interest payment to Investor I.L. and ceased
17 communicating with her.

18 21. On or about August 3, 2016, Investor I.L.'s attorney sent the Respondents a Demand
19 of Payment Letter, requesting among other things, that the Respondent pay back the \$30,000 owed.
20 On August 20, 2016, Knoch responded to Investor I.L.'s attorney, via email, and denied that he
21 entered into a JVA with Investor I.L. and denied taking any money from Investor I.L., which is
22 contrary to the executed JVA and the Respondents' receipt and deposit of Investor I.L.'s investment
23 funds into Imagine Enterprises' business account.

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1 22. Knoch did not discuss any risks involved with the investment with Investor I.L., and
2 Knoch admitted that he did not ask Investor I.L. if she was an accredited, and he was “sure” she was
3 not an accredited investor.

4 23. Investor I.L. invested \$20,000 and has only received \$6,600 back in interest and/or
5 profit and has not received any return on her principal.

6 24. On or about June of 2015, Knoch represented to the manager, and a real estate agent
7 (“Investor R.H.”) of Phoenix Housing Group LLC (“PHG”) an Arizona real estate limited liability
8 company, that Knoch was: a multi-millionaire; experienced flipper; condominium builder; best-
9 selling author; and former successful owner of a RE/MAX franchise. Based on Knoch’s
10 representations, the manager asked Knoch to become a member of the PHG.

11 25. On or about June 16, 2015, Knoch became a member of the PHG. Knoch was not a
12 licensed real estate agent; however, his role was to be a spokesman for PHG and use his “little bit of
13 fame” from his books to expand PHG’s business and increase the number of real estate agents
14 working for PHG. Knoch also used Investor R.H. as the buying and selling agent on the Respondents’
15 fix and flips.

16 26. On or about October 2015, Knoch, Investor R.H., and other real estate agents from
17 PHG attended a ten-day international real estate expo in Shanghai China (“Expo”). PHG’s purpose
18 in China was to find Chinese investors that wanted to buy houses and apartment complexes in
19 Arizona. Knoch’s purpose in China was to promote his himself, his business and to find Chinese
20 investors to invest in the Respondents’ flips in Arizona.

21 27. During the Expo, Knoch met a Chinese national (Investor Y.Z.) who owned a
22 consulting firm, based in China, that focused on locating lucrative real estate markets in the United
23 States (“U.S.”) on behalf of her Chinese clients. Investor Y.Z.’s consulting firm assisted Chinese
24 investors in buying existing homes and holding the title, and/or buying properties that generated
25 rental income. Knoch represented to Investor Y.Z. that he was a “celebrity” in the U.S. and “really

1 successful” in flipping properties. Investor Y.Z. was not familiar with the concept of fixing and
2 flipping properties, so Knoch suggested that she come to U.S. to see first-hand some of the fix and
3 flip projects that he has worked on. Knoch further represented that he wanted to work together with
4 Investor Y.Z. and her clients.

5 28. On or about November 2015, Investor Y.Z. met Knoch and Investor R.H. in Atlanta
6 Georgia, and the three drove up to Chattanooga Tennessee. Knoch gave Investor R.H. and Investor
7 Y.Z. a tour of Chattanooga and showed them hundreds of rehab “deals” that he did and introduced
8 them to his former RE/MAX business partner. Knoch represented that he built the whole town.

9 29. Based on Knoch’s representations, Investor R.H. decided to personally invest in a flip
10 with the Respondents. On or about December 10, 2015, Investor R.H. and Knoch executed a JVA.
11 Investor R.H. invested approximately \$62,965 in exchange for 50% split of profit on a specified
12 property in Scottsdale Arizona. The specified property was titled in Imagine Enterprises’ name.

13 30. On or about January of 2016, Investor Y.Z. traveled to Arizona and met with Knoch
14 to see flips that he did in Arizona. Based on Knoch’s representations, Investor Y.Z. determined that
15 the Phoenix real estate market is going to pick up, and this was the right time to invest in a flip. On
16 or about January of 2016, Investor Y.Z. and Knoch executed a JVA. Investor Y.Z. invested
17 approximately \$56,620 in exchange for a 50% split of the profit from the flip of a specified property
18 in Scottsdale Arizona. The specified Scottsdale property was titled in Imagine Enterprises’ name.

19 31. On or about January of 2016, a Tennessee individual, who was a long-time
20 acquaintance of Knoch’s (“Investor R.C.”) travelled to Arizona to meet with Knoch and discuss
21 investing in the Respondents’ flips.

22 32. Since at least August of 2015, Knoch had been offering Investor R.C. an opportunity
23 to invest in the Respondents’ flips. Several months prior to Investor R.C.’s arrival in Arizona, Knoch
24 texted him “what would [sic] you think about investing out here with me? I have lots of deals out
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1 here. I can help you live there and invest here and do well.” Knoch gave Investor R.C. a tour of the
2 Scottsdale area and showed him some of the Respondents’ previous flips.

3 33. During the tour, Knoch and Investor R.C. identified at least two Scottsdale properties
4 that had potential to make a profit. Investor R.C. stressed to Knoch, that he could not afford to risk
5 losing his life savings, and that he needed to make money on these deals. Knoch represented that
6 everything would be fine. In light of that statement, Respondents failed to disclose to Investor R.C.
7 that the Respondents stopped paying promised interest payments to a prior investor [Investor I.L.]
8 and failed to return her promised principal investment.

9 34. Based on Knoch’s representations, Investor R.C. decided to invest in two flips with
10 the Respondents. On or about January 16, 2016, Investor R.C. and Knoch executed two JVA’s for
11 specified properties in Scottsdale Arizona (respectively, “Monte Vista property” and
12 “62nd St. property”). Investor R.C. invested an approximate total of \$187,720 for both properties.
13 Both the Monte Vista and 62nd St. properties were titled in Imagine Enterprises’ name.

14 35. According to both above-mentioned JVA’s, Investor R.C. “shall be entitled to
15 reimbursement” of his entire investment, plus 50% of the net profits. And, **“Imagine Enterprises,
16 LLC will file this JV agreement at the courthouse, with the deed of trust at the time of the
17 closing of the property** [emphasis is original].”

18 36. On or about February 16, 2016, Respondents closed on the 62nd St. property and on
19 or about February 26, 2016, Respondents closed on the Monte Vista property. On or about February
20 16, 2016, Investor R.C. texted Knoch “will this title company file our JV with the Deed at the
21 recorder’s office?” Knoch texted back and represented “[n]o, because they are so stupid, I can’t trust
22 them to do it correctly. I am going to do it myself and send you the document.” In light of that
23 statement, and contrary to the emphasized language in both JVA’s that Imagine Enterprises will file
24 the JVA’s with a deed of trust, the Respondents failed to record Investor R.C.’s JVA’s with a deed
25 of trust.

1 37. Between January 2016, and April 2016, Investor Y.Z. relayed the following to at least
2 three of her Chinese clients: her positive observations about the Phoenix real estate market; Knoch's
3 representations of being a very successful and experienced house flipper; Knoch's previous projects;
4 Knoch's desire to bring in more investors; and that flipping properties with the Respondents was a
5 new type of investment opportunity, but not guaranteed.

6 38. Between February 2016, and April 2016, Respondents sold three Notes to three of
7 Investor Y.Z.'s clients (respectively, "Investor S.H.," "Investor L.Y.," and "Investor J.L."). The
8 investment capital was supposed to be used to grow Imagine Enterprises and enable Respondents to
9 buy more properties to flip. All the Notes were executed by Knoch, and contained the following same
10 or similar language:

- 11 • Imagine Enterprises' correspondence address is in Scottsdale Arizona;
- 12 • Borrower [Imagine Enterprises] shall repay the principal sum together with a "TEN
13 PERCENT (10%) interest payment ... at the end of 6 months from the date of the
14 receipt of funds by borrower regardless of the sale of any properties;" and
- 15 • "This Note is and will be secured by a certain first priority security interest in all of
16 the tangible and intangible property of the borrower."

17 39. On or about February 10, 2016, Knoch and Investor S.H. executed a Note. Investor
18 S.H. invested \$160,000 and was promised \$16,000 in interest plus a return of his principal within six
19 months of Respondents receiving the funds. On or about February 25, 2016, Investor S.H. wired
20 \$160,000 into Imagine Enterprises' business account. Investor S.H.'s Note matured on or about
21 August 25, 2016.

22 40. On or about March 22, 2016, Knoch and Investor L.Y. executed a Note. Investor L.Y.
23 invested \$160,000 and was promised \$16,000 in interest plus a return of her principal within six
24 months of Respondents receiving the funds. On or about March 31, 2016, Investor L.Y. wired
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1 \$160,000 into Imagine Enterprises' business account. Investor L.Y.'s Note matured on or about
2 September 31, 2016.

3 41. On or about April 14, 2016, Knoch and Investor J.L. executed a Note. Investor J.L.
4 invested \$200,000 and was promised \$20,000 in interest plus a return of her principal within six
5 months of Respondents receiving the funds. On or about April 14, 2016, Investor J.L. issued a check
6 to Imagine Enterprises for \$200,000. On or about April 25, 2016, Investor J.L.'s \$200,000 check was
7 deposited into Imagine Enterprises' business account. Investor J.L.'s Note matured on or about
8 October 25, 2016.

9 42. On or about May 2016, Knoch called Investor R.H. and represented that he ran out of
10 money, and could not continue the flips, and that he was going under. Knoch's revelation jeopardized
11 Investor R.H.'s investment, his wife's [Investor Y.Z.] investment, Investor Y.Z.'s clients'
12 investments, and others that invested in the Respondents' flips.

13 43. On or about May 1, 2016, Investor R.H. negotiated with the Respondents to convey
14 at least twelve properties to Transpacific Construction, LLC ("TPC"). TPC is an Arizona limited
15 liability company, and during the relevant time-period, Investor R.H. was a managing member of
16 TPC. Respondents "agreed to relinquish all rights to any profits and any compensation." TPC would
17 assume the debt on the properties, finish the rehab on the properties, and resell the properties. Investor
18 R.H. also negotiated for Knoch to remove himself as a member of the PHG.

19 44. On or about June 29, 2016, Respondents conveyed, via warranty deed, twelve
20 properties to TPC. On or about August 2, 2016, Knoch was removed as member of PHG.

21 45. On August 25, 2016, Investor S.H.'s Note matured, and Respondents failed to pay the
22 promised interest and failed to return Investor S.H.'s principal investment.

23 46. On or about August 30, 2016, Respondents closed on the Monte Vista property for
24 approximately \$392,5000. On or about September 7, 2016, Knoch emailed ("Update Email")
25 Investor R.C. and stated that he closed on "Monte Vista last week ... there is enough money to pay
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1 you your entire investment back and some profit.” However, the 62nd St. property is going to cost
2 more than originally estimated. It is going to require about “\$35,000 more than I originally estimated.
3 I deposited \$20,000 of the Monte Vista funds into your checking account ... we needed to loan the
4 balance of the funds to the 62nd Street project to get it finished.”

5 47. On or about September 2, 2016, Knoch transferred \$38,000 from Imagine Enterprises’
6 business account to Valley Construction, LLC’s (“Valley Construction”) business account. Valley
7 Construction is an Arizona limited liability company and Knoch is the managing member of Valley
8 Construction and signatory of Valley Construction’s business account. The \$38,000 transfer was
9 classified as “loan from Ronnie [Investor R.C.] to complete 62nd Street.”

10 48. Based on the Update Email, Investor R.C. realized that Knoch did not record the
11 JVA’s with deeds of trust, given that Knoch was able to close the Monte Vista property without
12 Investor R.C.’s signing the closing documents. Also, the Respondents misrepresented on the JVA’s
13 that Investor R.C. “shall be entitled to reimbursement of his entire investment, plus 50% of the net
14 profits,” when Respondents transferred \$38,000 of Investor R.C.’s profit on the Monte Vista property
15 without Investor R.C.’s consent.

16 49. On September 31, 2016, Investor L.Y.’s Note matured, and Respondents failed to pay
17 the promised interest and failed to return Investor L.Y.’s principal investment.

18 50. On October 25, 2016, Investor J.L.’s Note matured, and Respondents failed to pay the
19 promised interest and failed to return Investor J.L.’s principal investment.

20 51. All of the Respondents’ fix and flip properties that the Imagine Investors invested in
21 were titled in Imagine Enterprises’ name.

22 52. Imagine Investors’ only role in the Respondents’ flips was to provide capital, and none
23 of the Imagine Investors had decision-making authority in the fix and flip projects, and all the
24 Imagine Investors relied on Knoch’s expertise in real estate to flip the properties and make a profit.
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1 53. Knoch admitted that he did not ask any of the Imagine Investors if they were
2 accredited investors.

3 54. Knoch represented that he would re-invest Investor I.L.'s \$20,000 principal and the
4 remaining \$10,000 profit into another fix and flip property in Scottsdale Arizona, when in fact, Knoch
5 did not re-invest Investor I.L.'s funds.

6 55. Knoch represented to Investor R.H. that Knoch was a multi-millionaire, when in fact,
7 according to Knoch's bank records, he was not a millionaire. During the relevant time-period, Knoch
8 was living out of an RV in a mobile home park and had recently filed for bankruptcy in 2014.

9 56. Respondents represented on Investor R.C.'s JVA that he "shall be entitled to
10 reimbursement of his entire investment, plus 50% of the net profits," when in fact, Respondents
11 transferred \$38,000 of Investor R.C.'s profit on the Monte Vista property without Investor R.C.'s
12 consent.

13 57. Respondents represented to Investor R.C. that the Respondents would record both of
14 Investor R.C.'s JVA's with a deed of trust, when in fact, Respondents did not record any of Investor
15 R.C.'s JVA's with a deed of trust.

16 58. Respondents failed to disclose to at least eight Imagine Investors that Knoch filed for
17 bankruptcy in 2014.

18 59. Respondents failed to disclose to at least Investors R.H., Y.Z., R.C., S.H., L.Y., and
19 J.L. that the Respondents stopped paying the promised interest payments to Investor I.L., a prior
20 investor and failed to return her promised principal investment.

21 60. Imagine Investors collectively have invested \$1,254,246.16 and have only received
22 \$347,604.82 back. The remaining principal amount owed is \$906,641.34.

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II.**CONCLUSIONS OF LAW**

1. The Commission has jurisdiction over this matter pursuant to Article XV of the Arizona Constitution and the Securities Act.

2. Respondents offered or sold securities within or from Arizona, within the meaning of A.R.S. §§ 44-1801(15), 44-1801(21), and 44-1801(26).

3. Respondents violated A.R.S. § 44-1841 by offering or selling securities that were neither registered nor exempt from registration.

4. Respondents violated A.R.S. § 44-1842 by offering or selling securities while neither registered as a dealer or salesman nor exempt from registration.

5. Respondents violated A.R.S. § 44-1991 by (a) employing a device, scheme, or artifice to defraud, (b) making untrue statements or misleading omissions of material facts, and or (c) engaging in transactions, practices, or courses of business that operate or would operate as a fraud or deceit.

6. Respondents' conduct is grounds for a cease and desist order pursuant to A.R.S. § 44-2032.

7. Respondents' conduct is grounds for an order of restitution pursuant to A.R.S. § 44-2032.

8. Respondents' conduct is grounds for administrative penalties under A.R.S. § 44-2036.

9. Respondent Knoch directly or indirectly controlled Respondent Imagine Enterprises within the meaning of A.R.S. § 44-1999(B). Therefore, Respondent Knoch is jointly and severally liable under A.R.S. § 44-1999 to the same extent as Respondent Imagine Enterprises for any violations of A.R.S. § 44-1991.

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III.**ORDER**

THEREFORE, on the basis of the Findings of Fact, and Conclusions of Law, the Commission finds that the following relief is appropriate, in the public interest, and necessary for the protection of investors:

IT IS ORDERED, pursuant to A.R.S. § 44-2032, that the Respondents, and any of Respondents' agents, employees, successors and assigns, permanently cease and desist from violating the Securities Act.

IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2032, that Respondent Knoch shall, jointly and severally with Respondent Imagine Enterprises, pay restitution to the Commission in the principal amount of \$906,641.34 as a result of the conduct set forth in the Findings of Fact and Conclusions of Law. Payment is due in full on the date of this Order. Payment shall be made to the "State of Arizona" to be placed in an interest-bearing account controlled by the Commission. Any principal amount outstanding shall accrue interest at the rate of 10 percent per annum from the date of purchase until the date of this Order. Interest in the amount of \$261,151.72 has accrued from the date of purchase to January 15, 2019.

IT IS FURTHER ORDERED that the restitution ordered in the preceding paragraph will accrue interest, as of the date of the Order, at the rate of the lesser of (i) ten percent per annum or (ii) at a rate per annum that is equal to one per cent plus the prime rate as published by the board of governors of the federal reserve system in statistical release H. 15 or any publication that may supersede it on the date that the judgment is entered.

The Commission shall disburse the funds on a pro-rata basis to investors shown on the records of the Commission. Any restitution funds that the Commission cannot disburse because an investor refuses to accept such payment, or any restitution funds that cannot be disbursed to an investor because the investor is deceased shall be disbursed on a pro-rata basis to the remaining investors

1 shown on the records of the Commission. Any funds that the Commission determines it is unable to
2 or cannot feasibly disburse shall be transferred to the general fund of the state of Arizona.

3 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2036, that Respondent Knoch shall,
4 jointly and severally with Respondent Imagine Enterprises, pay an administrative penalty in the
5 amount of \$50,000 as a result of the conduct set forth in the Findings of Fact and Conclusions of
6 Law. Payment is due in full on the date of this Order. Payment shall be made to the "State of Arizona."
7 Any amount outstanding shall accrue interest as allowed by law.

8 IT IS FURTHER ORDERED that the administrative penalty ordered in the preceding
9 paragraph will accrue interest at the rate of the lesser of (i) ten percent per annum or (ii) at a rate per
10 annum that is equal to one per cent plus the prime rate as published by the board of governors of the
11 federal reserve system in statistical release H. 15 or any publication that may supersede it on the date
12 that the judgment is entered.

13 IT IS FURTHER ORDERED that payments received by the state of Arizona shall first be
14 applied to the restitution obligation. Upon payment in full of the restitution obligation, payments
15 shall be applied to the penalty obligation.

16 IT IS FURTHER ORDERED, that if Respondents fail to comply with this order, the
17 Commission may bring further legal proceedings against Respondents, including application to the
18 superior court for an order of contempt.

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IT IS FURTHER ORDERED that this Order shall become effective immediately.

BY ORDER OF THE ARIZONA CORPORATION COMMISSION

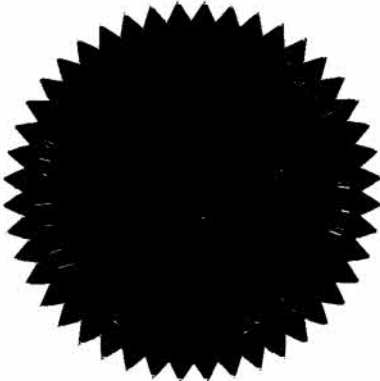

CHAIRMAN BURNS


COMMISSIONER DUNN

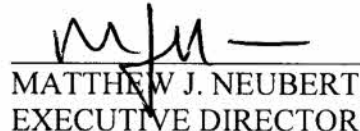

COMMISSIONER TOBIN


COMMISSIONER KENNEDY


COMMISSIONER OLSON



IN WITNESS WHEREOF, I, MATTHEW J. NEUBERT,
Executive Director of the Arizona Corporation Commission,
have hereunto set my hand and caused the official seal of the
Commission to be affixed at the Capitol, in the City of Phoenix,
this 16 day of January, 2019.


MATTHEW J. NEUBERT
EXECUTIVE DIRECTOR

DISSENT

DISSENT

This document is available in alternative formats by contacting Kacie Cannon, ADA Coordinator,
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(MS)

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